



Consolidated Financial Statements

For the Years Ended December 31, 2022, and 2021

(in United States Dollars)

# THOR EXPLORATIONS LTD.

December 31, 2022

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# Independent Auditor’s Report

To the Shareholders of Thor Explorations Limited.

## Opinion

We have audited the consolidated financial statements of Thor Explorations Limited and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of cash flows, and the consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Completeness of liabilities (see note 26)</b></p> <p>During the preparation of the year ended December 31, 2022 financial statements, the Group identified invoices for contracted services provided during financial year ended December 31, 2021 amounting to \$4,740,261, in relation to the construction of the Segilola Gold Mine that had not been accounted for in the December 31, 2021 financial statements.</p> <p>In accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the consolidated statement of financial position for December 31, 2021 has been restated by recording an increase in property, plant and equipment (note 15) and an equal increase in accounts payable and accrued liabilities (note 17).</p>	<p>Our specific audit testing in this regard included:</p> <p>In respect of the prior period error</p> <ul style="list-style-type: none"> <li>• Performing a detailed review of processes and controls to identify why the error was not identified in the preparation of the December 31, 2021 financial statements.</li> <li>• Obtaining the schedule of accruals as at December 31, 2021 and checking the arithmetical accuracy of the schedule.</li> <li>• Extending our prior year sample and agreeing the extended sample to source documentation and internal cost to contract reconciliations.</li> <li>• Obtaining confirmation of balances outstanding from key suppliers as at December 31, 2021 in order to obtain third party assurance over balances.</li> <li>• Reviewed and assessed the adequacy of the disclosures in the financial statements</li> </ul>

<p>Due to the significance of the prior period adjustment and the impact on cut-off on the financial statements in the current period, we considered the risk of completeness of liabilities to be a significant risk for the December 31, 2022 audit and accordingly a key audit matter.</p>	<p>to check that they were prepared in accordance with the requirements of the accounting standards.</p> <p>In respect of cut-off for December 31, 2022</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the system to assess whether Management had implemented controls and processes in place to prevent an error such that arose in the prior year from reoccurring.</li> <li>• Agreeing a sample of expenses accrued to source documentation and internal cost to contract reconciliations.</li> <li>• Completing an after-date payments review on a sample of transactions for the period up to sign off to check the period to which the payments related to supporting documentation. Obtaining confirmation of balances outstanding from key suppliers as at December 31, 2022 in order to obtain third party assurance over balances.</li> </ul>
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### Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management’s Discussion & Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anne Sayers.

DocuSigned by:

**BDO LLP**

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BDO LLP  
Chartered Professional Accountants  
London, UK  
May 1, 2023

# THOR EXPLORATIONS LTD.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In United States dollars

	Note	December 31, 2022 \$	December 31, 2021 \$ (restated)	January 1, 2021 \$ (restated)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		6,688,037	1,276,270	22,181,737
Restricted cash	6	-	3,495,992	3,500,555
Inventory	7	19,901,262	18,146,558	-
Amounts receivable	8	220,442	237,651	44,506
Prepaid expenses, advances and deposits	9	10,476,923	586,865	433,796
<b>Total current assets</b>		<b>37,286,664</b>	<b>23,743,336</b>	<b>26,160,594</b>
<b>Non-current assets</b>				
Deferred income tax assets		87,797	86,795	36,628
Prepaid expenses, advances and deposits	9	282,825	105,683	153,273
Right-of-use assets	10	16,849,402	20,843,612	69,066
Property, plant and equipment	15	149,513,917	152,113,917	72,079,922
Intangible assets	16	19,231,208	15,345,419	13,097,416
<b>Total non-current assets</b>		<b>185,965,149</b>	<b>188,495,426</b>	<b>85,436,305</b>
<b>TOTAL ASSETS</b>		<b>223,251,813</b>	<b>212,238,762</b>	<b>111,596,899</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	17	56,337,289	43,567,750	8,555,799
Deferred income	18	6,581,743	-	-
Lease liabilities	10	4,811,991	4,849,088	30,648
Gold stream liability	11	10,187,630	12,837,633	4,812,872
Loans and other borrowings	12	888,141	27,984,078	53,590
<b>Total current liabilities</b>		<b>78,806,794</b>	<b>89,238,549</b>	<b>13,452,909</b>
<b>Non-current liabilities</b>				
Accounts payable and accrued liabilities	17	-	1,564,191	-
Lease liabilities	10	10,597,294	13,425,286	-
Gold stream liability	11	14,852,135	17,424,646	19,895,701
Loans and other borrowings	12	27,254,513	25,754,525	16,147,799
Provisions	14	4,959,638	5,238,176	486,500
<b>Total non-current liabilities</b>		<b>57,663,580</b>	<b>63,406,824</b>	<b>36,530,000</b>
<b>SHAREHOLDERS' EQUITY</b>				
Common shares	19	80,439,693	79,027,183	76,858,769
Share purchase warrants		-	-	375,895
Option reserve	19	3,351,133	4,513,900	4,626,427
Currency translation reserve		(2,512,911)	(2,889,510)	(769,690)
Retained earnings		5,503,524	(21,058,184)	(19,477,411)
<b>Total shareholders' equity</b>		<b>86,781,439</b>	<b>59,593,389</b>	<b>61,613,990</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>223,251,813</b>	<b>212,238,762</b>	<b>111,596,899</b>

These consolidated financial statements were approved for issue by the Board of Directors on May 1, 2023, and are signed on its behalf by:

(Signed) "Adrian Coates"  
Director

(Signed) "Olusegun Lawson"  
Director

The accompanying notes are an integral part of these consolidated financial statements.

# THOR EXPLORATIONS LTD.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, In United States dollars

	Note	2022 \$	2021 \$ (restated)
<b>Continuing operations</b>			
<b>Revenue</b>		<b>165,174,531</b>	6,049,485
Production costs	5	(68,907,249)	(3,907,825)
Transportation and refining	5	(3,419,333)	(50,985)
Royalties	5	(3,696,527)	(108,258)
Amortisation and depreciation of operational assets - owned assets	5	(25,673,590)	-
Amortisation and depreciation of operational assets - right of use assets	5	(4,638,775)	-
<b>Cost of sales</b>		<b>(106,335,474)</b>	<b>(4,067,068)</b>
Loss on forward sale of commodity contracts		(1,587,524)	(43,295)
<b>Gross profit (loss) from operations</b>		<b>57,251,533</b>	1,939,122
Amortisation and depreciation - owned assets	5	(1,254,566)	(65,018)
Amortisation and depreciation - right of use assets	5	(85,326)	(41,173)
Other administration expenses	5	(15,883,876)	(3,294,820)
Impairment of Exploration & Evaluation assets	16	(12,014)	(99,059)
<b>Profit (loss) from operations</b>		<b>40,015,751</b>	(1,560,948)
Interest expense	5	(14,616,810)	(64,877)
Foreign exchange - gain/(loss)		-	881,069
AIM listing costs		-	(1,377,261)
<b>Net profit (loss) before income taxes</b>		<b>25,398,941</b>	(2,122,017)
Income Tax	5	-	52,822
<b>Net profit (loss) for the year</b>		<b>25,398,941</b>	(2,069,195)
Attributable to:			
Equity shareholders of the Company		25,398,941	(2,069,195)
<b>Net profit (loss) for the period</b>		<b>25,398,941</b>	(2,069,195)
<b>Other comprehensive profit (loss)</b>			
Foreign currency translation profit (loss) attributed to equity shareholders of the company		376,599	(2,119,820)
<b>Total comprehensive income profit (loss) for the period</b>		<b>25,775,540</b>	(4,189,015)
<b>Net profit (loss) per share</b>			
<b>Basic</b>	20	\$ 0.040	\$ (0.003)
<b>Diluted</b>	20	\$ 0.039	\$ (0.003)

# THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,  
In United States dollars

	Note	2022	2021 (restated)
<b>Cash flows from/(used in):</b>			
<b>Operating activities</b>			
Net profit / (loss)		\$ 25,398,941	\$ (2,069,195)
Adjustments for:			-
Impairment of unproven mineral interest	16	12,014	99,059
Share-based compensation		451,964	-
Amortisation and depreciation	5	31,652,256	106,191
Loss on forward sale commodity contracts		1,587,524	43,295
Unrealized Foreign exchange (gains)/losses	5	1,633,496	1,282,492
Interest expense	5	14,616,810	64,877
Income tax		-	(52,822)
		<b>75,353,005</b>	<b>(526,103)</b>
Changes in non-cash working capital accounts			
Inventory	7	(1,754,704)	(18,510,206)
Receivables	8	17,209	(42,131)
Current prepaid expenses, advances and deposits		(10,095,887)	(346,917)
Non-current prepaid expenses, advances and deposits		(177,142)	(17,139)
Accounts payable and accrued liabilities	17	14,464,283	1,274,316
Deferred income	18	6,581,743	-
<b>Net cash flows from/(used in) operating activities</b>		<b>84,388,507</b>	<b>(18,168,180)</b>
<b>Investing</b>			
Restricted cash	6	3,495,992	812
Purchase of intangible assets	16	(43,599)	(175,423)
Assets under construction expenditures	15	(1,884,352)	(27,546,130)
Mobilisation of mining fleet	10	-	(2,785,055)
Property, Plant & Equipment	15	(26,754,964)	(2,086,123)
Exploration & Evaluation assets expenditures	16	(5,366,778)	(2,741,758)
<b>Net cash flows used in investing activities</b>		<b>(30,553,701)</b>	<b>(35,333,677)</b>
<b>Financing</b>			
Proceeds from issuance of equity securities		-	2,039,790
Borrowing costs paid		-	(510,838)
Share subscriptions received	19	960,546	-
(Repayment of) / Proceeds from loans and borrowings	13	(39,864,224)	31,178,558
Interest paid	13	(4,645,014)	(65,602)
Payment of lease liabilities	10	(4,882,786)	(2,811,315)
<b>Net cash flows (used in)/from financing activities</b>		<b>(48,431,478)</b>	<b>29,830,593</b>
Effect of exchange rates on cash		8,439	2,765,797
<b>Net change in cash</b>		<b>\$ 5,411,767</b>	<b>\$ (20,905,467)</b>
<b>Cash, beginning of the period</b>		<b>\$ 1,276,270</b>	<b>\$ 22,181,737</b>
<b>Cash, end of the period</b>		<b>\$ 6,688,037</b>	<b>\$ 1,276,270</b>

The accompanying notes are an integral part of these consolidated financial statements.

## THOR EXPLORATIONS LTD.

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

In United States dollars

	Note	Common shares	Share purchase warrants	Option reserve	Currency translation reserve	(Deficit)/ Retained earnings	Total shareholders' equity
<b>Balance on December 31, 2020 (restated)</b>		<b>\$ 76,858,769</b>	<b>\$ 375,895</b>	<b>\$ 4,626,427</b>	<b>\$ (769,690)</b>	<b>\$ (19,477,411)</b>	<b>\$ 61,613,990</b>
Net loss for the year		-	-	-	-	(2,069,195)	(2,069,195)
Other comprehensive loss		-	-	-	(2,119,820)	-	(2,119,820)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,119,820)</b>	<b>(2,069,195)</b>	<b>(4,189,015)</b>
Reinstatement of warrants	19	-	45,899	-	-	(45,899)	-
Exercise of warrants	19	2,073,451	(421,794)	-	-	421,794	2,073,451
Options exercised	19	94,963	-	(112,527)	-	112,527	94,963
<b>Balance on December 31, 2021 (restated)</b>		<b>\$ 79,027,183</b>	<b>\$ -</b>	<b>\$ 4,513,900</b>	<b>\$ (2,889,510)</b>	<b>\$ (21,058,184)</b>	<b>\$ 59,593,389</b>
Net profit for the period		-	-	-	-	25,398,941	25,398,941
Other comprehensive income		-	-	-	376,599	-	376,599
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>376,599</b>	<b>25,398,941</b>	<b>25,775,540</b>
Options exercised	19	1,412,510	-	(1,162,767)	-	1,162,767	1,412,510
<b>Balance on December 31, 2022</b>		<b>\$ 80,439,693</b>	<b>\$ -</b>	<b>\$ 3,351,133</b>	<b>\$ (2,512,911)</b>	<b>\$ 5,503,524</b>	<b>\$ 86,781,439</b>

The accompanying notes are an integral part of these consolidated financial statements.

# THOR EXPLORATIONS LTD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022, AND 2021  
In United States dollars, except where noted

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## 1. CORPORATE INFORMATION

Thor Explorations Ltd. (the “Company”), together with its subsidiaries (collectively, “Thor” or the “Group”) is a West African focused gold producer and explorer, dually listed on the TSX-Venture Exchange (THX.V) and AIM Market of the London Stock Exchange (THX.L).

The Company was formed in 1968 and is organised under the Business Corporations Act (British Columbia) (BCBCA) with its registered office at 550 Burrard St, Suite 2900 Vancouver, BC, CA, V6C 0A3. The Company evolved into its current form in August 2011 following a reverse takeover and completed the transformational acquisition of its flagship Segilola Gold Project in Nigeria in August 2016.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

### b) Basis of measurement

The consolidated financial statements are presented in United States dollars (“US\$”). Prior years consolidated financials have been previously presented in Canadian dollars (“C\$”) refer to note 3 (c) for further details on the change of presentational currency.

These consolidated financial statements have been prepared on a historical cost basis and are presented in United States dollars, except for the valuation of certain financial instruments that are measured at fair value at the end of each reporting period as explained in the accounting policies below.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Group’s accounting policies. A precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period involves the use of estimates, which have been made using careful judgement. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in Note 4.

### c) Nature of operations and going concern

As at December 31, 2022, the Group had cash of \$6,688,037 and inventory of 1,884 ounces of gold dore. During the year ended December 31, 2022, the Group sold 92,489 ounces of gold, in line with Management’s production targets of 90,000 to 100,000 ounces for the year which yielded net cash flow to the Group of \$84,388,507.

The Board has reviewed the detailed cash flow forecast prepared by management for the twelve-month period from the date of this report. The Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least the next twelve months and that, as at the date of this report, there are no material uncertainties regarding going concern.

# THOR EXPLORATIONS LTD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022, AND 2021  
In United States dollars, except where noted

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## 2. BASIS OF PREPARATION (continued)

### c) Nature of operations and going concern (continued)

Key assumptions underpinning this forecast in addition to estimated production of 85,000 – 95,000 ounces of gold for 2023 include consensus analyst gold prices (between \$1,800 per ounce and \$2,050 per ounce), reduced debt servicing requirements following the amendments noted below, effective cost control of key production elements, production volumes in line with annual guidance and continuing support from our EPC contractor allowing the group to settle balances by Q2 2023. This is considered to be the Group's base case scenario which demonstrates the Group has sufficient cash and working capital to continue operations for a period of no less than twelve months from the date of approval of these financial statements.

In January 2023, post year end, the Group entered into an agreement with the AFC amending the terms of its senior debt facility. Certain covenants and restrictions were released, and the payment timetable re-scheduled to reallocate a higher percentage of the repayments to a later period in the Facility's term. The updated agreement provides the Group with increased cashflow in the shorter term and less covenant and default provisions requiring assessment. For the purpose of the going concern review period the updated covenants and default provisions were reviewed with no cases of potential breach noted.

The Directors have also considered various scenarios that may impact cashflow including adverse changes in gold price (down to \$1,600 per ounce), inflationary pressures on key cost elements (up to 5%), and adverse positions regarding the Facility covenants. The Directors are satisfied that these stress test scenarios have appropriate planned mitigating actions, which will be sufficient to maintain the Groups going concern status if in the unlikely event any of these eventualities occurred.

The Directors are therefore satisfied that the going concern basis of accounting is an appropriate assumption to adopt in the preparation of the consolidated financial statements as at December 31, 2022.

# THOR EXPLORATIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022, AND 2021  
In United States dollars, except where noted

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise stated.

### a. Consolidation principles

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Group's accounting policies. Intercompany transactions and balances are eliminated upon consolidation.

### b. Details of the group

In addition to the Company, these consolidated financial statements include all subsidiaries of the Company. Subsidiaries are all corporations over which the Company has power over the Subsidiary and it is exposed to variable returns from the Subsidiary and it has the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity, with Subsidiaries being fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

Company	Location	Incorporated	Interest
Thor Investments (BVI) Ltd. ("Thor BVI")	British Virgin Islands	September 30, 2011	100%
African Star Resources Incorporated ("African Star")	British Virgin Islands	September 30, 2011	100%
Segilola Resources Incorporated ("SR BVI")	British Virgin Islands	March 10, 2020	100%
Thor Gold Ventures Ltd ("Thor GV")	United Kingdom	February 11, 2022	100%
African Star Resources SARL ("African Star SARL")	Senegal	July 14, 2011	100%
Argento Exploration BF SARL ("Argento BF SARL")	Burkina Faso	September 15, 2010	100%
AFC Constelor Panafrican Resources SARL ("AFC Constelor SARL")	Burkina Faso	December 9, 2011	100%
Segilola Resources Operating Limited ("SROL")	Nigeria	August 18, 2016	100%
Segilola Gold Limited ("SGL")	Nigeria	August 18, 2016	100%
Newstar Minerals Limited ("Newstar")	Nigeria	July 5, 2022	100%

The only changes to ownership interest from the previous year was the incorporation of Thor Gold Ventures Ltd in February 2022 and Newstar Minerals Limited in July 2022.

### c. Foreign currency translation

#### **Functional and presentation currency**

The Company's functional and presentation currency is the United States dollar ("\$"). The functional currency for the Company is the currency of the primary economic environment in which the Company operates. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency). The Company has changed its presentation currency from Canadian Dollars to US Dollars as detailed in note 26.

During the year management has assessed the functional currency of the Company and its subsidiary SROL and concluded that from January 1, 2022 the functional currency of both entities changed to the US dollar from the Canadian dollar and Nigerian Naira, respectively. The assessment for the change in functional currency is detailed in note 4.b.iii.

# THOR EXPLORATIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022, AND 2021  
In United States dollars, except where noted

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exchange rates published by Oanda were used to translate the Thor GV, Thor BVI, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL and SGL's financial statements into the United States dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires, on consolidation, that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e., the average rate for the period). The foreign exchange differences on translation of subsidiaries Thor GV, Thor BVI, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL, SGL and Newstar are recognized in other comprehensive income (loss). Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

#### **Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss. Fluctuations in the value of the local currencies of our subsidiaries, with most notably the US dollar will result in foreign exchange gains and losses as assets and liabilities denominated in US dollar are revalued in the Subsidiary's local currency at reporting dates.

#### **d. Financial instruments**

##### ***Financial assets***

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

##### *Fair value through profit or loss*

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

##### *Amortised cost*

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group's financial assets measured at amortised cost comprise cash, restricted cash, amounts receivable as well as prepaid expenses, advances and deposits in the consolidated statement of financial position. Cash includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

#### Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

#### Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "Financial assets" for in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

#### Other financial liabilities

Other financial liabilities include the following items:

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and other short-term monetary liabilities are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

#### ***Fair Value measurement hierarchy***

IFRS 13 "Fair Value Measurement" requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the input used in making the fair value measurement.

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived prices (level 2); and,
- Inputs for the asset or liability that are not based on observable market data (unobservable input) (level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Gold Stream arrangement***

On April 29, 2020, the Group announced the completion of financing requirements for the development of the Segilola Gold Project in Nigeria. The financing included a \$21 million gold stream prepayment pursuant to a Gold Stream Arrangement (“GSA”) entered into with the Africa Finance Corporation (“AFC”).

Under the terms of the GSA an advance payment of \$21 million was received. Upon the commencement of production at Segilola the AFC had the right to receive 10.27% of gold produced from the Group’s ML41 mining license. Once the initial liability has been repaid in full any further gold production will be delivered under the terms of the GSA up to the money multiple limit of 2.25 times the initial advance. The total maximum amount payable to the AFC under this agreement is \$47.25m including the repayment of the initial US\$21 million advance. The advanced payment has been recorded as a contract liability based on the facts and terms of the arrangement and own use exemptions considerations.

The maximum \$26.25 million payable after the initial \$21 million has been settled has been identified as a significant financing component. The deemed interest rate is calculated at inception, using the production plan and gold price estimates and released over the term of the arrangement as interest expense in the income statement upon commencement of production. The deemed interest rate is recalculated at each reporting period and restated based on changes to the expected production profile and gold price estimates.

Revenue from the streaming arrangement was recognised under IFRS 15 when the customer obtained control of the gold and the Group satisfied its performance obligations. The revenue recognised reduced the contract liability balance.

In December 2021, the Group entered into a cash settlement agreement with the AFC where the gold sold to the AFC is settled in a net-cash sum payable to the AFC instead of delivery of bullion for repayment of the gold stream arrangement. This agreement triggered a modification to the contract liability, resulting in the liability to be accounted for in accordance with IFRS 9 whereby the liability is classified as a financial liability measured at fair value through profit or loss.

#### ***Capitalisation of borrowing costs***

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### e. Property, plant and equipment

#### *Recognition and Measurement*

On initial recognition, property, plant and equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Group, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions. Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### *Subsequent Costs*

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

#### *Gains and Losses*

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in profit or loss.

#### *Stripping costs*

Capitalisation of waste stripping requires the Group to make judgements and estimates in determining the amounts to be capitalised. In open pit mining operations, it is necessary to incur costs to remove overburden and other mine waste materials in order to access the ore body ("stripping costs"). During the development of a mine, stripping costs are capitalised and included in the carrying amount of the related mining property. During the production phase of a mine, stripping costs will be recognised as an asset only if the following conditions are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity.
- The entity can identify the component of the ore body (mining phases) for which access has been improved.
- The costs relating to the stripping activity associated with that component can be measured reliably.

Stripping costs incurred and capitalised during the development and production phase are depleted using the unit-of production method over the reserves and, in some cases, a portion of resources of the area that directly benefit from the specific stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as costs of sales and included in operating expenses.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Depreciation*

Depreciation on property plant & equipment is recognised in profit or loss except where depreciation is directly attributable to mineral properties owned by the Group that are classified as either Exploration & Evaluation or Assets Under Construction (“AUC”). Depreciation in this instance is capitalised to the value of the mineral property asset (refer to Note 15). Upon commencement of commercial production, the value of AUC is reclassified as Mining and Plant assets (together “Mining Property”) within Property, Plant & Equipment. Mining Property is depreciated using the unit of production method based on proven and probable reserves. Units of production are significantly affected by resources, exploration potential and production estimates together with economic factors, commodity prices, foreign currency, exchange rates, estimates of costs to produce reserves and future capital expenditure.

Depreciation of Mining and Other Equipment is provided on a straight-line basis over the estimated useful life of the assets as follows:

<u>Description within Mining and Other Equipment</u>	<u>Rate</u>
Motor vehicles	20-33%
Plant and machinery	20-25%
Office furniture	20-33%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **Assets under construction**

Assets under construction comprise development projects and assets in the course of construction at both the mine development and production phases.

Development projects comprise interests in mining projects where the ore body is considered commercially recoverable, and the development activities are ongoing. Expenditure incurred on a development project is recorded at cost, less applicable accumulated impairment losses. Interest on borrowings, incurred for the purpose of the establishment of mining assets, is capitalised during the construction phase.

The cost of an asset in the course of construction comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use, at which point it is transferred from assets under construction to other relevant categories and depreciation commences. Assets under construction are not depreciated.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### f. Exploration and evaluation expenditures

#### ***Acquisition costs***

The fair value of all consideration paid to acquire an unproven mineral interest is capitalized, including amounts due under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

#### ***Exploration and evaluation expenditures***

All costs incurred prior to legal title are expensed in the consolidated statement of comprehensive loss in the year in which they are incurred. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Group, exploration and evaluation assets in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets, in excess of estimated realizable value, are written off to the statement of comprehensive income (loss).

At such time as commercial feasibility is established, project finance has been raised, appropriate permits are in place and a development decision is reached, the costs associated with that property will be transferred to and re-categorised as Assets under construction.

#### ***Farm-in agreements***

As is common practice in the mineral exploration industry, the Group may acquire or dispose of all, or a portion of, an exploration and evaluation asset under a farm-in agreement. Farm-in agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period of time, often several years, entirely at the discretion of the party farming-in. The Group recognizes amounts payable under a farm-in agreement when the amount is due and when the Group has no contractual rights to avoid making the payment. The Group recognizes amounts receivable under a farm-in agreement only when the party farming-in has irrevocably committed to the transfer of economic resources to the Group, which often occurs only when the amount is received. Amounts received under farm-in agreements reduce the capitalized costs of the optioned unproven mineral interest to nil and are then recognized as income.

### g. Impairment of non-current assets

Impairment tests for non-current assets are performed when there is an indication of impairment. At each reporting date, an assessment is made to determine whether there are any indications of impairment. Prior to carrying out impairment reviews, the significant cash generating units are assessed to determine whether they should be reviewed under the requirements of IAS 36 - Impairment of Assets for property plant and equipment, or IFRS 6 - Exploration for and Evaluation of Mineral Resources.

Impairment reviews performed under IAS 36 are carried out on a periodic basis to ensure that the value recognised on the Statement of Financial Position is not greater than the recoverable amount. Recoverable amount is defined as the higher of an asset's fair value less costs of disposal, and its value in use.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment reviews performed under IFRS 6 are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically, when one of the following circumstances applies:

- (i) sufficient data exists that render the resource uneconomic and unlikely to be developed
- (ii) title to the asset is compromised
- (iii) budgeted or planned expenditure is not expected in the foreseeable future
- (iv) insufficient discovery of commercially viable resources leading to the discontinuation of activities

If any indication of impairment exists, an estimate of the non-current asset's recoverable amount is calculated. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. If the carrying value of a non-current asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of comprehensive loss so as to reduce the carrying amount of the non-current asset to its recoverable amount.

#### h. Income taxes

Income tax expense is comprised of current and deferred income taxes. Current and deferred income taxes are recognized in profit and loss, except for income taxes relating to items recognized directly in equity or other comprehensive income.

Current income tax, if any, is the expected amount payable or receivable on the taxable income or loss for the year, calculated in accordance with applicable taxation laws and regulations, using income tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to amounts payable or receivable relating to previous years.

Deferred income taxes are provided using the liability method based on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using income tax rates and income tax laws and regulations that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. To the extent that the Group does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, which do not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The Group has tax losses for which no deferred tax asset has been recognised.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### i. Revenue recognition

The Group enters into forward sales contracts for the sale of gold at a pre-determined and agreed price with an agent who remits the cash proceeds to the Group.

The Group recognises the sale upon delivery at which point control of the product has been transferred to the Customer. Transfer of control generally takes place when refined gold is credited to the metals account at the refinery of the Customer who has sold the gold via forward sale. Revenue is measured based on the consideration to which the Group expects to be entitled under the terms of the Agreement with the Customer.

### j. Royalties

The Group has royalty payment obligations from production from its Segilola Gold Mine in Nigeria. A royalty is payable to the Nigerian government at a rate of 16,218 Nigerian Naira (prior to May 1, 2022: 5,400 Nigerian Naira) per ounce produced. The royalty is paid before the Dore is exported from Nigeria for refining. Royalties paid to the Nigerian government are recognised as cost of sales in the Consolidated Statement of Comprehensive Income/(Loss) at the point that the gold is exported.

The Group also has royalty obligations to three former owners of the Segilola Gold Project at rates of between 0.375% to 1.5% on the value of sales. Total royalties to the former owners ("third party royalties") are capped at \$7.5 million. Royalties are calculated using the outturn date as reference point, whereby the number of ounces outturned are multiplied using the London Bullion Market Association ("LBMA") p.m. rate on the outturn date to establish a deemed sales value. The applicable royalty rate for each former owner is applied to the deemed sales value to determine the royalty payable.

Third party royalties have been assessed to be contingent consideration in the acquisition of the Segilola Gold Mine and accounted as an asset acquisition. In accordance with the Group's accounting policy the contingent consideration has been recognised as a financial liability at the point there was considered to be certainty over the payment arising (commencement of production). The discount will be unwound over the estimated time it will take to pay the entire \$7.5 million obligation. The value of the royalties will be depreciated over the estimated life of the mine, and royalty payments will be applied in discharge of the financial liability. The financial liability was initially measured at fair value with subsequent fair value re-measurement to be recorded in the Consolidated Statement of Comprehensive Income/(Loss).

### k. Inventory

Stores and consumables are stated at the lower of cost and net realizable value. The cost of stores and consumables includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Gold ore stockpiles are valued at the lower of weighted average cost and net realizable value. Cost includes direct materials, direct labour costs and production overheads.

Gold bullion and gold in process are stated at the lower of weighted average cost and net realizable value. Cost includes direct materials, direct labour costs and production overheads.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### I. Basic and diluted income or loss per share

Earnings per share calculations are based on the weighted average number of common shares issued and outstanding during the period. Diluted earnings per share is calculated using the treasury stock method, whereby the proceeds from the exercise of potentially dilutive common shares with exercise prices that are below the average market price of the underlying shares are assumed to be used in purchasing the Company's common shares at their average market price for the period.

### m. Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income (loss) that are excluded from net earnings (loss). The main element of comprehensive income (loss) is the foreign exchange effect of translating the financial statements of the subsidiaries from local functional currencies into US dollars upon consolidation. Movements in the exchange rates of the Canadian Dollar, Pound Sterling, Nigerian Naira and West African Franc to the US dollar will affect the size of the comprehensive income (loss).

### n. Share-based payments

Where options are awarded for services the fair value, at the grant date, of equity-settled share awards is either charged to income or loss, or capitalized to assets under construction where the underlying personnel cost is also capitalized, over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the Options reserve. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. Where warrants are awarded in connection with the issue of common shares the fair value, at the grant date, is transferred from common shares with the corresponding accrued entitlement recorded in the share purchase warrants reserve. The fair value of options and warrants awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate

When equity instruments are modified, if the modification increases the fair value of the award, the additional cost must be recognised over the period from the modification date until the vesting date of the modified award.

### o. Decommissioning, site rehabilitation and environmental costs

The Group is required to restore mine and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Group's environmental policies. The net present value of estimated future rehabilitation costs is provided for in the financial statements and capitalised within property, plant and equipment on initial recognition. The capitalised cost is amortised on a unit of production basis. Unwinding of the discount is recognised as a finance cost in the statement of comprehensive income as it occurs. Changes in estimates are dealt with on a prospective basis as they arise. The costs of on-going programmes to prevent and control pollution and to rehabilitate the environment are charged to profit or loss as incurred.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### p. Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from use of the asset; and,
- The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset. In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and,
- Any penalties payable for terminating the lease, if the term of the lease has been estimated based on termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and,
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

### q. Interest income

Interest income is recognized as earned, provided that collection is assessed as being reasonably assured.

### r. Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

### s. Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the Group.

Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable. Contingent liabilities do not include provisions for which it is certain that the Group has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain. Unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes to the financial statements.

### t. Application of new and revised International Financial Reporting Standards

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group elected to early adopt the Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use on the consolidated financial statements for the year ended December 31, 2021.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### u. Future accounting pronouncements

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

### a) Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

#### (i) *Accounting treatment of Gold Stream Liability*

Determining the appropriate accounting treatment for the Gold Stream Liability is not an accounting policy choice, rather it is an assessment of the specific facts and circumstances and requires judgement. The Group reviewed the terms of the Gold Sale Agreement and determined that it constituted a commodity arrangement as it is an arrangement to deliver an amount of the commodity from the Group's own Segilola Gold Project operation and does not constitute a contract liability under IFRS 15.

In 2021, the arrangement was modified to allow the Group to settle the Gold Stream Liability in cash which led to the arrangement being reclassified as a financial liability.

The principal accounting estimates in calculating the value of the Gold Stream Liability are production plan, gold price, the implied interest rate and future repayment profile. The buy-out option contained in the Gold Sale Agreement has been estimated at nil.

In calculating the deemed interest rate for interest expense that will be released over the term of the Agreement, estimates of both the production plan and gold price will be the key variables. The deemed interest rate is calculated at each reporting period and restated based on changes to the expected production profile and gold price estimates, which will result in a revision to estimated future payments. Any change in future payments will result in a revision of the deemed interest rate.

The period-end Gold Stream obligation uses forward curve information based on the period-end gold spot price, which was US\$1,812 /oz at December 31, 2022. A 5% change in gold production estimates would result in an impact of less than \$0.7 million on the Gold Stream liability.

#### (ii) *Estimated recoverable ounces*

The carrying amounts of the Group's mining interests are depleted based on the estimated recoverable ounces. Changes to estimates of recoverable ounces due to revisions to the Group's mine plans and changes in gold price forecasts can result in a change to future depletion rates.

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### (iii) Mineral reserves

Mineral reserves and mineral resources are determined in accordance with Canadian Securities Administrator's National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mineral reserve and resource estimates include numerous estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is dependent on the quantity and quality of available data and on the assumptions made and judgements used in engineering and geological interpretation. Changes to management's assumptions including economic assumptions such as gold prices and market conditions could have a material effect in the future on the Group's financial position and results of operations.

### (iv) *Restoration, site rehabilitation and environmental costs*

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate of the rehabilitation costs in the period in which they are incurred. This estimate includes judgements from management in respect of which costs are expected to be incurred in the future, the timing of these costs and their present value. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes could similarly impact the useful lives of assets depreciated on a straight-line-basis, where those lives are limited to the life of mine. A 1% change in the discount rate on the Group's rehabilitation estimates would result in an impact of \$0.25 million (2021: \$0.25 million) on the provision for environmental and site restoration. The value of the period-end restoration provision is disclosed within Note 14.

### (v) *Inventories*

Expenditures incurred, and depreciation and amortisation of assets used in mining and processing activities are deferred and accumulated as the cost of ore in stockpiles, ore in mill, and finished gold dore inventories. These deferred amounts are carried at the lower of average cost or net realizable value.

Their measurement involves the use of estimation to determine the tonnage, the attainable gold recovery, and the remaining costs of completion to bring inventory to its saleable form. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

In determining the net realizable value of ore in stockpiles, ore in mill, and gold dore the Group estimates future metal selling prices, production forecasts, realized grades and recoveries, and timing of processing to convert the inventories into saleable form. Reductions in metal price forecasts, increases in estimated future production costs, reductions in the number of recoverable ounces, and a delay in timing of processing can result in a write down of the carrying amounts of the Group's ore in stockpiles, ore in mill and gold dore inventories.

## b) Critical accounting judgements

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

### (i) *Impairment of exploration and evaluation assets*

In accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources, management is required to assess impairment in respect of the intangible exploration and evaluation assets. In making the assessment, management is required to make judgements on the status of each project and the future plans towards

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finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Management has determined that it is appropriate to impair fully the value of the Central Houndé Project in Burkina Faso following the unsuccessful attempt by Barrick Gold to dispose of its 51% interest in the license. An impairment charge of \$12,014 has been charged to the Consolidated Statement of Comprehensive Loss. There were no impairment indicators present in respect of any of the other exploration and evaluation assets and, as such, no additional impairment test was performed.

(ii) *Indicators of impairment of property, plant and equipment*

The Group considers both internal and external information in its process of determining whether there are any indicators for impairment of the Segilola Gold mine. Management considers the following external factors to be relevant: changes in the market capitalisation of the entity, changes in the long-term gold price expectations, or changes in the technological, market, economic or legal environment in which the entity operates, or in the market to which the asset is dedicated. Management considers the following internal factors to be relevant: changes in the estimates of recoverable ounces, significant movements in production costs and variances of actual production costs when compared to budgeted production costs, production patterns and whether production is meeting planned budget targets, changes in the level of capital expenditures required at the mine site, changes in the expected cost of dismantling assets and restoring the site, particularly towards the end of a mine's life. Refer to note 15 for details of impairment assessments performed during the year.

(iii) *Functional currency*

An analysis of functional currency under IAS 21 was undertaken on the Company and Segilola Resources Operations Limited ("SROL") in order to determine if significant changes to operational activities provide indicators that the functional currency for IFRS purposes should be reviewed and changed. Under IAS 21 an entity's functional currency reflects the underlying transactions, events and conditions that are relevant to it. Accordingly, once determined, the functional currency is not changed unless there is a change in those underlying transactions, events and conditions.

The principal focus of the analysis was on the continuing applicability of the Nigerian Naira ("NGN") as the functional and reporting currency for SROL. Potential indicators of a change in functional currency for SROL were the commencement of the Mining Contract at Segilola and commencement of gold sales from Segilola, both denominated in US Dollars. The financial impact of a change in functional currency of SROL to US dollars was assessed at each of the dates where potential indicators of a change in functional currency could be considered to have been determined and it was concluded that a change in functional currency to US Dollars would best reflect the underlying transactions, events and conditions that are most relevant to the Company's operations.

(iv) *Commercial production*

The Segilola Gold Mine in Nigeria achieved its first gold sales in December 2021, with production starting in October 2021. However, production during Q4 2021 was below operating capacity and not consistent with the mine plan. After careful consideration Management has determined that mining operations to December 31, 2021, were not at sustainable commercial levels and that the correct classification of Segilola was Assets under construction.

Production and recovery rates improved in January 2022 and have remained consistent with the mine plan during 2022, therefore, Management considered that commercial production was achieved from January 1, 2022 and has transferred Segilola's Assets under construction to Segilola Mine assets and Processing plant.

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## 5. COST OF SALES

	Year Ended December 31,	
	2022	2021
Mining contract	37,133,315	1,717,573
Contractors and consultants	1,223,074	56,572
Professional fees	709,376	32,812
Drilling and assays	6,206,210	287,064
Salaries	6,834,866	316,142
Materials and consumables	22,376,335	1,035,000
Drilling operations	382,082	17,673
Maintenance	5,681,735	262,804
Security	1,771,671	81,947
Foreign exchange (gains)/losses on production costs*	(15,578,520)	-
Other	2,167,105	100,238
<b>Production costs</b>	<b>\$ 68,907,249</b>	<b>\$ 3,907,825</b>
Transportation and refining	3,419,333	50,985
Royalties	3,696,527	108,258
Amortisation and depreciation - operational assets - owned assets	25,673,590	-
Amortisation and depreciation - operational assets - right of use assets	4,638,775	-
<b>Cost of sales</b>	<b>106,335,474</b>	<b>4,067,068</b>

\* The total foreign exchange gain for the current year was \$15,578,520, which comprises of realized foreign exchange gains of \$17,212,016 and unrealized foreign exchange losses of \$1,633,496. During the year, SROL purchased its local currency on a spot basis. The foreign exchange gains and losses from these trades are generated from the differences between the local currency values achieved on the trades versus the currency translation rate at the time of the trade.

## 5a. AMORTISATION AND DEPRECIATION

	Year Ended December 31,	
	2022	2021
Amortisation and depreciation - operational assets - owned assets	25,673,590	-
Amortisation and depreciation - operational assets - right of use assets	4,638,774	-
Amortisation and depreciation – owned assets	1,254,566	65,018
Amortisation and depreciation – right-of-use assets	85,326	41,173
	<b>\$ 31,652,256</b>	<b>\$ 106,191</b>

## 5b. OTHER ADMINISTRATION EXPENSES

	Note	Year Ended December 31,	
		2022	2021
Audit and legal		463,694	279,944
Bank charges		266,924	204,385
Consulting fees		1,262,943	350,963
Directors' fees	21	404,097	358,465
Investor relations and transfer agent		473,284	246,218
Listing and filing fees		32,362	30,189
Camp costs		4,093,086	-
Office and miscellaneous		3,834,177	372,436
Salaries and benefits		4,261,912	1,285,606
Travel		791,397	166,614
		<b>\$ 15,883,876</b>	<b>\$ 3,294,820</b>

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### 5c. INTEREST EXPENSE

	Note	Year Ended December 31,	
		2022	2021
Interest on loan from the Africa Finance Corporation	12	6,465,751	1,714,041
Interest on deferred element of EPC contract	12	472,811	250,402
Interest on goldstream liability	11	6,311,927	6,562,830
Interest on leases	10	1,052,329	782,088
Interest on provisions	14	108,164	-
Other		205,828	-
<b>Total interest</b>		<b>14,616,810</b>	<b>9,309,361</b>
Interest capitalised		-	(9,244,484)
<b>Interest expense</b>		<b>\$ 14,616,810</b>	<b>\$ 64,877</b>

### 5d. INCOME TAX

The difference between tax expense for the year and the expected income taxes based on the Canadian statutory income tax rate is as follows:

	Year Ended December 31,	
	2022	2021
<b>Profit/(Loss) before income taxes</b>	<b>25,398,941</b>	<b>(2,122,017)</b>
Applicable Canada tax rate	27%	27%
Tax at applicable tax rate	(6,857,714)	572,945
Adjustments for different tax rates in the Group	5,980,026	(60,391)
Losses carried forward not recognized	877,688	(459,731)
<b>Income tax credit/(charge)</b>	<b>\$ -</b>	<b>52,822</b>

During the years ended December 31, 2022, and 2021 the Canadian federal corporate income tax rate remained unchanged at 15%. The British Columbia provincial corporate income tax also remained unchanged at 12%.

The Senegalese and Burkina Faso income tax rates remained unchanged at 30% and 28% respectively.

The Nigerian corporate income tax rate remained unchanged at 30% however the Group companies in Nigeria are exempt from income tax during the first three years of operations under Section 36 of the Companies Income Tax Act of Nigeria.

The Company has available non-capital losses in Canada of approximately \$14,575,000 (2021: \$13,808,000). The Canadian non-capital losses may be utilized to offset future taxable income and have carry forward periods of up to 20 years. The losses, if not utilized, expire through 2040.

The only potential benefits of carry-forward non-capital losses and deductible temporary differences have been recognized in these financial statements relate to the Company's Senegalese subsidiary African Star Resources S.A.R.L. No other potential benefits have been recognized as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

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### 6. RESTRICTED CASH

	December 31, 2022	December 31, 2021
Restricted cash	\$ -	\$ 3,495,992

Under the terms of the \$54 million project finance senior debt facility (“the Facility”) from the Africa Finance Corporation (refer to note 12 for details on the Facility), the Group was required to place a total of US\$3.5 million into a cost overrun bank account that could only be used for expenditure on the development of the Segilola Gold Project in the event of construction costs exceeding budget. Upon receipt of the Certificate of Completion on January 31, 2022, the cash ceased to be treated as restricted.

### 7. INVENTORY

	December 31, 2022	December 31, 2021
Plant spares and consumables	\$ 4,751,922	\$ 1,337,792
Gold ore in stockpile	11,869,168	8,663,728
Gold in CIL	1,160,237	1,614,267
Gold Dore	2,119,935	6,530,771
	\$ 19,901,262	\$ 18,146,558

There were no write downs to reduce the carrying value of inventories to net realizable value during the years ended December 31, 2022 and 2021.

The cost of inventories recognised as expense in the year ended December 31, 2022 was \$89,382 thousand and was included in cost of sales (2021 - \$nil).

### 8. AMOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 67,084	\$ 20,495
GST	993	3,715
Other receivables	152,365	213,441
	\$ 220,442	\$ 237,651

The value of receivables recorded on the balance sheet is approximate to their recoverable value and there are no expected material credit losses.

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### 9. PREPAID EXPENSES, ADVANCES AND DEPOSITS

	December 31, 2022	December 31, 2021
Current:		
Gold Stream liability arrangement fees	33,186	38,829
Advance deposits to vendors	9,625,204	235,408
Other prepayments	818,533	312,628
	<b>\$ 10,476,923</b>	586,865
Non-current:		
Gold Stream liability arrangement fees	74,667	87,310
Other prepayments	208,158	18,373
	<b>\$ 282,825</b>	105,683

Included in Advance deposits to vendors, are payment deposits towards key equipment, materials and spare parts, with longer lead times to delivery, which are of critical importance to maintain efficient operations of the mine and process plant. These were made to mitigate against price volatility and inflation currently affecting the sector.

### 10. LEASES

The Group accounts for leases in accordance with IFRS 16. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019. The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term. There were no such leases for the year ended December 31, 2022 and 2021.

Leases relate principally to corporate offices and the mining fleet at the Segilola mine. Corporate offices are depreciated over 5 years and mining fleet over the life of mine of Segilola.

The key impacts on the Statement of Comprehensive Income and the Statement of Financial Position for the year ended December 31, 2022, were as follows:

	Right of use asset	Lease liability	Income statement
Carrying value December 31, 2021	\$ 20,843,612	\$ (18,274,374)	\$ -
New leases entered in to during the period	660,064	(660,064)	-
Depreciation	(4,724,100)	-	(4,724,100)
Interest	-	(1,052,329)	(1,052,329)
Lease payments	-	4,882,786	-
Foreign exchange movement	69,826	(305,304)	(305,304)
Carrying value at December 31, 2022	<b>\$ 16,849,402</b>	<b>\$ (15,409,285)</b>	<b>\$ (6,081,733)</b>
Current liability		(4,811,991)	
Non-current liability		(10,597,294)	

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### 10. LEASES (continued)

The key impacts on the Statement of Comprehensive Loss and the Statement of Financial Position for the year ended December 31, 2021, were as follows:

	Right-of-use asset	Lease liability	Income statement
Carrying value December 31, 2020	\$ 69,066	\$ (30,648)	\$ -
New leases entered in to during the year	22,612,362	(19,668,810)	-
Depreciation	(2,355,674)	-	(41,173)
Interest	-	(782,088)	(563)
Lease payments	-	2,811,315	-
Foreign exchange movement	517,858	(604,143)	(86,285)
Carrying value at December 31, 2021	\$ 20,843,612	\$ (18,274,374)	\$ (128,021)
Current liability		(4,849,088)	
Non-current liability		(13,425,286)	

The total depreciation for the year ended December 31, 2021 under IFRS 16 was \$2,355,674, of that total \$41,173 was charged to the Consolidated Statements of Comprehensive Income and \$2,314,501 was capitalized into the Segilola Mine Asset.

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## 11. GOLD STREAM LIABILITY

### *Gold stream liability*

	<b>December 31, 2022 Total</b>	<b>December 31, 2021 Total</b>
Balance at Beginning of period	\$ 30,262,279	\$ 24,708,573
Interest at the effective interest rate	6,311,927	6,562,830
Repayments	(11,534,441)	(443,915)
Foreign exchange movement	-	(565,209)
<b>Balance at End of period</b>	<b>\$ 25,039,765</b>	<b>\$ 30,262,279</b>
Current liability	10,187,630	12,837,633
Non-current liability	14,852,135	17,424,646

On April 29, 2020, the Group announced the closing of project financing for its flagship Segilola Gold Project ("Segilola") in Osun State, Nigeria. The financing included a \$21 million gold stream upfront deposit ("the Prepayment") over future gold production at Segilola under the terms of a Gold Purchase and Sale Agreement ("GSA") entered into between the Group's wholly owned subsidiary SROL and the AFC. The Prepayment is secured over the shares in SROL as well as over SROL's assets and is not subject to interest. The initial term of the GSA is for ten years with an automatic extension of a further ten years. The AFC will receive 10.27% of gold production from the Segilola ML41 mining license until the \$21 million Prepayment has been repaid in full. Thereafter, the AFC will continue to receive 10.27% of gold production from material mined within the ML41 mining license until a further \$26.25 million is received, representing a total money multiple of 2.25 times the value of the Prepayment, at which point the GSA will terminate. The AFC are not entitled to receive an allocation of gold production from material mined from any of the Group's other gold tenements under the terms of the GSA.

The \$26.25 million represented interest on the Prepayment. A calculation of the implied interest rate was made as at drawdown date with interest being apportioned over the expected life of the Stream Facility. The principal input variables used in calculating the implied interest rate and repayment profile were the production profile and gold price. The future gold price estimates were based on market forecast reports for the years 2021 to 2025 and, the production profile was based on the latest life of mine plan model. The liability was to be re-estimated on a periodic basis to include changes to the production profile, any extension to the life of mine plan and movement in the gold price. Upon commencement of production, any change to the implied interest rate will be expensed through the Consolidated Statement of Income (Loss).

Interest expense of \$6,311,927 was recognised for the Year Ended December 31, 2022 and has been expensed to the Consolidated Statement of Income. Prior to the commencement of commercial production on January 1, 2022, interest was capitalized and included in the value of the Segilola Gold Mine (Refer to Note 15). A cumulative total of \$10,200,430 has been capitalized prior to commercial production and included in the value of the Segilola Gold Mine.

In December 2021, the Group entered into a cash settlement agreement with the AFC where the gold sold to the AFC is settled in a net-cash sum payable to the AFC instead of delivery of bullion in repayment of the gold stream arrangement. Refer to Note 3d for further information on the accounting treatment of the gold stream liability.

The following table represents the Group's loans and borrowings measured and recognised at fair value.

	Level 1	Level 2	Level 3	Total
Financial liability at fair value through profit or loss	-	-	25,039,765	25,039,765

The liabilities included in the above table are carried at fair value through profit and loss.

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## **11. GOLD STREAM LIABILITY (continued)**

The valuation is based on a cash flow model with the following key inputs:

- Production profiles based on Segilola life-of-mine forecasts
- Gold price ranging from \$1,600/oz to 1,735/oz
- Interest rate of 22.61%

The sensitivities performed are described in Note 4.a.i

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### 12. LOANS AND BORROWINGS

	December 31, 2022	December 31, 2021
Current liabilities:		
Loans payable to the Africa Finance Corporation less than 1 year	\$ 356,155	\$ 24,192,518
Deferred element of EPC contract	531,986	3,122,990
Short term advances	-	668,570
	<b>\$ 888,141</b>	<b>27,984,078</b>
Non-current liabilities:		
Loans payable to the Africa Finance Corporation more than 1 year	\$ 24,103,784	\$ 22,667,448
Deferred element of EPC contract	3,150,729	3,087,077
	<b>\$ 27,254,513</b>	<b>\$ 25,754,525</b>

#### Loans from the Africa Finance Corporation

	December 31, 2022 Total	December 31, 2021 Total
Balance at Beginning of period	\$ 46,859,966	\$ 14,267,114
Drawdown	-	31,153,833
Repayments	(28,865,778)	-
Arrangement fees	-	(508,856)
Unwinding of interest in the period	6,465,751	1,714,041
Foreign exchange movement	-	233,834
<b>Balance at End of period</b>	<b>\$ 24,459,939</b>	<b>\$ 46,859,966</b>
Current liability	356,155	24,192,518
Non-current liability	24,103,784	22,667,448

On December 1, 2020, the Group announced that its subsidiary Segilola Resources Operating Limited (“SROL”) had completed the financial closing of a \$54 million project finance senior debt facility (“the Facility”) from the Africa Finance Corporation (“AFC”) for the construction of the Segilola Gold Project in Nigeria. The Facility could be drawn down at the Group’s request in minimum disbursements of \$5 million. As at December 31, 2022, SROL has received total disbursements of \$52.6 million (2021: \$52.6 million), with \$nil drawn down in 2022 (2021: \$31.2 million) and the remaining \$1.35m undrawn facility cancelled by the Group during the period under review (2021: \$nil). Total disbursements received represent 97% of the Facility. The Facility is secured over the share capital of SROL and its assets, with repayments commencing in March 2022 and to conclude in March 2025.

Repayment of the aggregate Facility will be made in instalments over a 36-month period by repaying an amount on a series of repayment dates, as set out in the Facility Agreement, which reduces the amount of the outstanding aggregate Facility by the amount equal to the relevant percentage of Loans borrowed as at the close of business in London on the date of Financial Close. Interest accrues at SOFR plus 9% and is payable on a quarterly basis in arrears.

In conjunction with the granting of the Facility, Thor issued 33,329,480 bonus shares to the AFC. Thor also incurred transaction costs of \$4,663,652 in relation to the loan facility. The fair value of the liability was determined at \$45,822,943 taking into account the transaction costs and equity component and recognised at amortised cost using an effective rate of interest, with the fair value of the shares issued in April 2020 of \$5,666,011 recognised within equity.

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### 12. LOANS AND BORROWINGS (continued)

Interest paid during the year ended December 31, 2021, of \$3,667,835 has been capitalised to the cost of the Segilola Gold Mine. (Refer to Note 15).

On 31 January 2023, the Group entered into an agreement with the AFC amending the terms of its senior debt facility. (See Note 27)

Certain covenants and restrictions were released, and the payment timetable re-scheduled to reallocate a higher percentage of the repayments to a later period in the Facility's term.

#### Deferred payment facility on EPC contract for the construction of the Segilola Gold Mine

The Group has constructed its Segilola Gold Mine through an engineering, procurement, and construction contract ("EPC Contract") signed with Norinco International Cooperation Limited. The EPC Contract has been agreed on a lump sum turnkey basis which provides Thor with a fixed price of \$67.5 million for the full delivery of design, engineering, procurement, construction, and commissioning of the proposed 715,000 ton per annum gold ore processing plant.

The EPC Contract includes a deferred element ("the Deferred Payment Facility") of 10% of the fixed price. As at December 31, 2022, a total of \$3,682,715 (December 31, 2021: \$6,210,067) was deferred under the facility. The 10% deferred element is repayable in instalments over a 36-month period by repaying an amount on a series of repayment dates, as set out in the Deferred Payment Facility. Repayments commenced in March 2022 and will conclude in 2025. Interest on this element of the EPC deferred facility accrues at 8% per annum from the time the Facility taking-over Certificate was issued.

	December 31, 2022 Total	December 31, 2021 Total
Balance at beginning of period	\$ 6,210,090	\$ 1,934,275
Offset against EPC payment	440,263	3,999,815
Repayments	(3,440,449)	-
Unwinding of interest in the period	472,811	250,402
Foreign exchange movement	-	25,575
<b>Balance period end</b>	<b>\$ 3,682,715</b>	<b>\$ 6,210,067</b>
Current liability	531,986	3,122,990
Non-current liability	3,150,729	3,087,077

#### Short term advances

	December 31, 2022 Total	December 31, 2021 Total
Balance at beginning of period	\$ 668,570	\$ -
Drawdowns	-	679,294
Repayments	(668,570)	-
Foreign exchange movement	-	(10,724)
<b>Balance period end</b>	<b>\$ -</b>	<b>\$ 668,570</b>

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### 13. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

December 31, 2022	Gold stream liability	Short term advance	AFC loan	EPC deferred facility	Total
January 1, 2022	\$ 30,262,279	668,570	46,859,966	6,210,090	84,000,905
Cash flows:					
(Repayment of) / Proceeds from loans and borrowings	(11,534,441)	(668,570)	(24,220,764)	(3,440,449)	(39,864,224)
Interest paid	-	-	(4,645,014)	-	(4,645,014)
Non-cash changes:					
Unwinding of interest in the year	6,311,927	-	6,465,751	472,811	13,250,489
Offset against EPC payment	-	-	-	440,263	440,263
December 31, 2022	\$ 25,039,765	-	24,459,939	3,682,715	53,182,419
December 31, 2021	Gold stream liability	Short term advance	AFC loan	EPC deferred facility	Total
January 1, 2021	\$ 24,708,573	-	14,267,114	1,934,275	40,909,962
Cash flows:					
(Repayment of) / Proceeds from loans and borrowings	(443,915)	679,294	30,943,179	-	31,178,558
Interest paid	-	-	-	-	-
Transaction costs	-	-	(510,838)	-	(510,838)
Non-cash changes:					
Unwinding of interest in the year	6,562,830	-	1,738,601	250,402	8,551,833
Foreign exchange movements	(565,209)	(10,724)	421,910	25,575	(128,448)
Offset against EPC payment	-	-	-	3,999,815	3,999,815
December 31, 2021	\$ 30,262,279	668,570	46,859,966	6,210,067	84,000,882

### 14. PROVISIONS

December 31, 2022	Other	Fleet demobilisation costs	Restoration costs	Total
Balance at Beginning of period	\$ -	\$ 173,241	\$ 5,064,935	\$ 5,238,176
Initial recognition of provision	18,415	-	-	18,415
Changes in estimates	-	-	(404,859)	(404,859)
Unwinding of discount	-	201	107,963	108,164
Foreign exchange movements	(258)	-	-	(258)
<b>Balance at period end</b>	<b>\$ 18,157</b>	<b>\$ 173,442</b>	<b>\$ 4,768,039</b>	<b>\$ 4,959,638</b>
Current liability	-	-	-	-
Non-current liability	18,157	173,442	4,768,039	4,959,638

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### 14. PROVISIONS (continued)

December 31, 2021	Fleet demobilisation costs	Restoration costs	Total
Balance at Beginning of year	\$ -	\$ 486,500	\$ 486,500
Initial recognition of provision	173,241	-	173,241
Increase in provision	-	4,628,124	4,628,124
Foreign exchange movements	-	(49,689)	(49,689)
<b>Balance at year end</b>	<b>\$ 173,241</b>	<b>\$ 5,064,935</b>	<b>\$ 5,238,176</b>
Current liability	-	-	-
Non-current liability	173,241	5,064,935	5,238,176

The restoration costs provision is for the site restoration at Segilola Gold Project in Osun State Nigeria. The value of the above provision is measured by unwinding the discount on expected future cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. It is expected that the restoration costs will be paid in US dollars, and as such US forecast inflation rates of 2.9% and the interest rate of 4% on 5-year US bonds were used to calculate the expected future cash flows, which are in line with the life of mine. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations at mine closure.

The fleet demobilization costs provision is the value of the cost to demobilize the mining fleet upon closure of the mine.

# THOR EXPLORATIONS LTD.

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### 15. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Plant and machinery	Office furniture	Land	Decommissioning Asset	Processing Plant	Segilola Mine	Assets under construction	Total
<b>Costs</b>									
Balance, December 31, 2020	\$ 1,397,109	\$ 411,527	\$ 271,949	\$ 18,113	\$ 486,887	\$ -	\$ -	\$ 70,314,684	\$ 72,900,269
Transfer from exploration & evaluation assets	-	-	-	-	-	-	-	-	-
Acquisition payments	-	-	-	-	-	-	-	7,295,056	7,295,056
Additions	777,710	187,805	939,282	-	4,634,103	-	-	71,130,046	77,668,946
Foreign exchange movement	(114,837)	(109,958)	(36,162)	(1,305)	(56,055)	-	-	(4,162,585)	(4,480,902)
Balance, December 31, 2021 (restated)*	\$ 2,059,982	\$ 489,374	\$ 1,175,069	\$ 16,808	\$ 5,064,935	\$ -	\$ -	\$ 144,577,201	\$ 153,383,369
Transfers	-	-	-	-	-	60,687,651	83,889,550	(144,577,201)	-
Additions	148,862	5,649,341	668,936	-	-	7,459,467	8,946,765	1,884,352	24,757,723
Revisions to decommissioning assets	-	-	-	-	(404,859)	-	-	-	(404,859)
Disposals	-	-	-	-	-	-	-	-	-
Foreign exchange movement	(40,004)	(12,091)	(9,118)	-	-	-	-	-	(61,213)
Balance, December 31, 2022	\$ 2,168,840	\$ 6,126,624	\$ 1,834,887	\$ 16,808	\$ 4,660,076	\$ 68,147,118	\$ 92,836,315	\$ 1,884,352	\$ 177,675,020
<b>Accumulated depreciation and impairment losses</b>									
Balance, December 31, 2020	\$ 391,082	\$ 313,571	\$ 115,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 820,347
Depreciation	431,020	54,475	179,509	-	-	-	-	-	665,004
Disposals	-	-	-	-	-	-	-	-	-
Foreign exchange movement	(67,586)	(104,399)	(43,914)	-	-	-	-	-	(215,899)
Balance, December 31, 2021	\$ 754,516	\$ 263,647	\$ 251,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,269,452
Depreciation	457,259	354,275	306,542	-	952,322	10,247,764	14,603,113	-	26,921,275
Disposals	-	-	-	-	-	-	-	-	-
Foreign exchange movement	(14,966)	(11,780)	(2,878)	-	-	-	-	-	(29,624)
Balance, December 31, 2022	\$ 1,196,809	\$ 606,142	\$ 554,953	\$ -	\$ 952,322	\$ 10,247,764	\$ 14,603,113	\$ -	\$ 28,161,103
<b>Carrying amounts</b>									
Balance, December 31, 2020	\$ 1,006,027	\$ 97,956	\$ 156,255	\$ 18,113	\$ 486,887	\$ -	\$ -	\$ 70,314,684	\$ 72,079,922
Balance, December 31, 2021 (restated)	\$ 1,305,466	\$ 225,727	\$ 923,780	\$ 16,808	\$ 5,064,935	\$ -	\$ -	\$ 144,577,201	\$ 152,113,917
Balance, December 31, 2022	\$ 972,031	\$ 5,520,482	\$ 1,279,934	\$ 16,808	\$ 3,707,754	\$ 57,899,354	\$ 78,233,202	\$ 1,884,352	\$ 149,513,917

\* Refer to note 26 for details on the prior year restatement

A summary of depreciation capitalized is as follows:

	Year Ended December 31,		Total depreciation capitalized	
	2022	2021	December 31, 2022	December 31, 2021
Exploration expenditures	116,108	85,358	620,352	504,244
Total	\$ 116,108	\$ 85,358	\$ 620,352	\$ 504,244

#### a) Segilola Project, Osun Nigeria:

##### Classification of Expenditure on the Segilola Gold Project

On January 1, 2022, the Group achieved Commercial Production at the Segilola Gold Project in Nigeria (“the Project”) Upon achieving Commercial Production, the Assets under Construction was reclassified within Property, Plant and Equipment, and transferred to Mining Asset, Processing Plant and Decommissioning Asset.

##### Decommissioning Asset

The decommissioning asset relates to estimated restoration costs at the Group’s Segilola Gold Mine as at December 31, 2022. Refer to Note 14 for further detail.

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## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

### Impairment assessment

During the year ended December 31, 2022, the Group performed a review for indicators of impairment for the Segilola Gold mine and evaluated key assumptions such as forecasts for gold prices, significant revisions to the mine plan including current estimates of recoverable mineral reserves and resources, recent operating results, and future expected production based on the reserves and resources. As a result of the above, the Group concluded that there were no indicators of impairment for the Segilola Gold mine at 31 December 2022.

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## 16. INTANGIBLE ASSETS

The Group's exploration and evaluation assets costs are as follows:

	<b>Douta Gold Project, Senegal</b>	<b>Central Hounde Project, Burkina Faso</b>	<b>Exploration licenses, Nigeria</b>	<b>Software</b>	<b>Total</b>
<b>Balance, December 31, 2020</b>	<b>\$ 12,783,386</b>	<b>\$ -</b>	<b>\$ 89,395</b>	<b>\$ 224,634</b>	<b>\$ 13,097,416</b>
Acquisition costs	-	-	74,897	-	74,897
Exploration costs	2,037,122	106,614	742,145	-	2,885,881
Additions	-	-	-	178,885	178,885
Amortisation	-	-	-	(167,648)	(167,648)
Impairment	-	(106,692)	-	-	(106,692)
Foreign exchange movement	(600,528)	78	(11,136)	(5,735)	(617,321)
<b>Balance, December 31, 2021</b>	<b>\$ 14,219,980</b>	<b>\$ -</b>	<b>\$ 895,301</b>	<b>\$ 230,136</b>	<b>\$ 15,345,419</b>
Acquisition costs	-	-	24,103	-	24,103
Exploration costs	3,745,803	12,014	1,693,863	-	5,451,680
Additions	-	-	-	43,599	43,599
Amortisation	-	-	-	(122,988)	(122,988)
Impairment	-	(12,014)	-	-	(12,014)
Foreign exchange movement	(1,427,912)	-	(70,679)	-	(1,498,591)
<b>Balance, December 31, 2022</b>	<b>\$ 16,537,871</b>	<b>\$ -</b>	<b>\$ 2,542,588</b>	<b>\$ 150,747</b>	<b>\$ 19,231,208</b>

### Impairment assessment

During the year ended 31 December 2022, the Group performed a review for indicators of impairment of all exploration and evaluation assets in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources. Exploration permits have been assessed as to whether the permits were in good standing and/or any further activity was planned. No impairment indicators were identified for the Group's exploration and evaluation assets other than for the Central Houndé project as detailed below.

#### **a) Douta Gold Project, Senegal:**

The Douta Gold Project consists of an early-stage gold exploration license located in southeastern Senegal, approximately 700km east of the capital city Dakar.

The Group is party to an option agreement (the "Option Agreement") with International Mining Company ("IMC"), by which the Group has acquired a 70% interest in the Douta Gold Project located in southeast Senegal held through African Star SARL.

Effective February 24, 2012, the Group exercised its option to acquire a 70% interest in the Douta Gold Project pursuant to the terms of the Option Agreement between the Group and IMC. As consideration for the exercise of the option, the Group issued to IMC 11,646,663 common shares, based on a VWAP for the 20 trading days preceding the option exercise date of \$0.2014 (or US\$0.2018) per share, valued at \$2,678,732 based on the Group's closing share price on February 24, 2012. The share payment includes consideration paid to IMC for extending the time period for exercise of the option.

Pursuant to the terms of the Option Agreement, IMC's 30% interest will be a "free carry" interest until such time as the Group announces probable reserves on the Douta Gold Project (the "Free Carry Period"). Following the Free Carry Period, IMC must either elect to sell its 30% interest to African Star at a purchase price determined by

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an independent valuer commissioned by African Star or fund its 30% share of the exploration and operating expenses.

## 16. INTANGIBLE ASSETS (continued)

### b) Central Houndé Project, Burkina Faso:

(i) *Bongui and Legue gold permits, Burkina Faso:*

AFC Constelor SARL holds a 100% interest in the Bongui and Legue gold permits covering an area of approximately 233 km<sup>2</sup> located within the Houndé belt, 260 km southwest of the capital Ouagadougou, in western Burkina Faso.

(ii) *Ouere Permit, Central Houndé Project, Burkina Faso:*

Argento BF SARL holds a 100% interest in the Ouere gold permit, covering an area of approximately 241 km<sup>2</sup> located within the Houndé belt.

The three permits together cover a total area of 474km<sup>2</sup> over the Houndé Belt which form the Central Houndé Project.

(iii) *Barrick Option Agreement, Central Houndé Project, Burkina Faso:*

On April 8, 2015, the Group entered into the Acacia Option Agreement with Acacia Mining plc (“Acacia”), whereby Acacia will have the exclusive option to earn up to a 51% interest in Central Houndé Project by satisfying certain conditions over a specified 4-year period and then the right to acquire an additional 29%, for an aggregate 80% interest in the Central Houndé Project, upon declaration of a Pre-Feasibility Study. Acacia met the minimum spending requirement for the Phase 1 Earn-in in September 2018.. As a result, Acacia earned a 51% interest in the Central Houndé Project. The Group currently holds a 49% interest in the Central Houndé Project.

In 2019, Barrick Gold Corporation (“Barrick”) completed an acquisition of Acacia through the purchase of the ordinary share capital of Acacia that Barrick did not already own. The acquisition did not affect work undertaken at the Central Houndé Gold Project in Burkina Faso where Barrick continued its exploration work as per its Joint Operation with Thor.

In April 2021, Thor re-acquired Barrick’s 51% ownership of the Project in exchange for a 1% Net Smelter Royalty. Thor now holds 100% of the Central Houndé Project.

Following the unsuccessful attempt by Barrick Gold to dispose of its 51% interest in the licenses, the Group carried out an impairment assessment at December 31, 2020, and determined that the unsuccessful sale attempt was an indication for impairment. It is the Group’s intention to focus on Segilola development and Douta exploration in the short term, and it does not plan to undertake significant work on the license areas in the near future. As a result, the decision was taken to impair fully the value of the Central Houndé Project.

### c) Exploration Licenses, Nigeria

The high grade Segilola gold deposit is located on the major regional shear zone that extends for several hundred kilometres through the gold-bearing Ilesha schist belt (structural corridor) of Nigeria. Thor’s exploration tenure currently comprises 13 exploration licenses and four joint venture partnership exploration licenses. Together with the mining lease over the Segilola Gold Deposit, Thor’s total exploration tenure amounts to 1,400 km<sup>2</sup>. The Group’s exploration strategy includes further expansion of its Nigerian land package as and when attractive new licenses become available.

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## 17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022	December 31, 2021 (restated*)
Trade payables	\$ 46,914,333	\$ 36,962,841
Accrued liabilities	6,213,977	3,058,121
Other payables	3,208,979	5,110,979
	<b>\$ 56,337,289</b>	<b>\$ 45,131,941</b>
Current liability	<b>56,337,289</b>	<b>43,567,750</b>
Non-current liability	-	1,564,191

\* Refer to note 26 for details on the prior year restatement

Accounts payable and accrued liabilities are classified as financial liabilities and approximate their fair values.

Included in trade payables is a balance of \$10,196,105 due to our EPC contractor. The total EPC amount has been finalized with our EPC contractor, and this balance has been paid at the date of release of these financial statements.

Also included in trade payables is a total of \$2,215,585 (2021: \$7,115,207) that relates to third party royalties that will become payable upon future gold sales. All these royalties' creditors are included in current liabilities (refer to Note 3j for further detail).

The following table represents the Group's trade payables measured and recognised at fair value.

	Level 1	Level 2	Level 3	Total
Trade payables	\$ -	-	2,215,585	2,215,585
Third party royalties				

The valuation is based on a cash flow model with the following key inputs:

- Production profiles based on Segilola life-of-mine forecasts
- Gold price ranging from \$1,660/oz to 1,735/oz
- Discount rate of 5.25%

There are no material impacts on the valuation from a sensitivity analysis.

## 18. DEFERRED INCOME

	December 31, 2022	December 31, 2021
Deferred income	\$ 6,581,743	\$ -

The deferred income relates to advance sales of 3,687 oz of Gold that were delivered in January 2023.

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## 19. CAPITAL AND RESERVES

### a) Authorized

Unlimited common shares without par value.

### b) Issued

	December 31, 2022 Number	December 31, 2022	December 31, 2021 Number	December 31, 2021
As at start of the year	632,358,009	\$ 79,027,183	621,405,975	\$ 76,858,769
Issue of new shares:				
- Share options exercised <sup>i</sup>	9,939,000	960,546	-	-
- RSU awards vested <sup>ii</sup>	2,399,176	451,964	-	-
- Share warrants exercised <sup>iii</sup>	-	-	9,952,034	2,073,450
- Share options exercised <sup>iv</sup>	-	-	1,000,000	94,964
	644,696,185	\$ 80,439,693	632,358,009	\$ 79,027,183

<sup>i</sup> Value of 9,250,000 options exercised at a price of CAD\$0.12 per share and 289,000 options exercised at a price of CAD\$0.145 per share, both on January 19, 2022, and 400,000 options exercised at a price of CAD\$0.145 per share on December 13, 2022.

<sup>ii</sup> Value of 2,399,176 RSU awards that were granted and vested on October 11, 2022, at a deemed price of CAD\$0.26 per share.

<sup>iii</sup> Value of 1,664,534 warrants exercised on June 8, 2021, at a price of CAD\$0.18 per share, and 8,287,500 warrants exercised on August 31, 2021, at a price of CAD\$0.28 per share.

<sup>iv</sup> Value of 500,000 options on July 5, 2021, and 500,000 options on December 41, 2021, all exercised at a price of CAD\$0.12 per share.

### c) Share-based compensation

#### Stock option plan

The Group has granted directors, officers and consultants share purchase options. These options were granted pursuant to the Group's stock option plan.

Under the current Share Option Plan, 44,900,000 common shares of the Group are reserved for issuance upon exercise of options.

- On January 16, 2020, 14,250,000 stock options were granted at an exercise price of C\$0.20 per share for a period of five years. The options vested immediately.
- On October 5, 2018, 750,000 stock options were granted at an exercise price of C\$0.14 per share for a period of five years.
- On March 12, 2018, 12,800,000 stock options were granted at an exercise price of C\$0.145 per share for a period of five years.

All of the stock options were vested as at the balance sheet date. These options did not contain any market conditions and the fair value of the options were charged to the statement of comprehensive loss or capitalized as to assets under construction in the period where granted to personnel's whose cost is capitalized on the same basis. The assumptions inherent in the use of these models are as follows:

Vesting period (years)	First vesting date	Expected remaining life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Options vested	Options granted	Expiry
5	12/03/2018	0.19	2.00%	\$ 0.145	105.09%	\$0.14	12,800,000	12,800,000	12/03/2023
5	05/10/2018	0.76	2.43%	\$ 0.14	100.69%	\$0.14	750,000	750,000	05/10/2023
5	16/01/2020	2.05	1.49%	\$ 0.20	66.84%	\$0.07	14,250,000	14,250,000	16/01/2025

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## 19. CAPITAL AND RESERVES (continued)

### c) Share-based compensation (continued)

The Group has elected to measure volatility by calculating the average volatility of a collection of three peer companies' historical share prices for the exercising period of each parcel of options. Management believes that given the transformational change that the Group has undergone since the acquisition of the Segilola Gold Project in August 2016, the Group's historical share price is not reflective of the current stage of development of the Group, and that adopting the volatility of peer companies who have advanced from exploration to development is a more accurate measure of share price volatility for the purpose of options valuation.

The following is a summary of changes in options from January 1, 2022, to December 31, 2022, and the outstanding and exercisable options at December 31, 2022:

Grant Date	Expiry Date	Exercise Price	Remaining (Years)	Opening Balance	Granted	Expired / Exercised	Expired / Forfeited	Closing Balance	Vested and Exercisable	Unvested	
16-Jan-2017	16-Jan-2022	\$0.12	-	9,250,000	-	(9,250,000)	-	-	-	-	
12-Mar-2018	12-Mar-2023	\$0.145	0.19	12,800,000	-	(689,000)	-	12,111,000	12,111,000	-	
5-Oct-2018	5-Oct-2023	\$0.14	0.76	750,000	-	-	-	750,000	750,000	-	
16-Jan-2020	16-Jan-2025	\$0.20	2.05	14,040,000	-	-	-	14,040,000	14,040,000	-	
<b>Totals</b>				<b>1.18</b>	<b>36,840,000</b>	<b>-</b>	<b>(9,939,000)</b>	<b>-</b>	<b>26,901,000</b>	<b>26,901,000</b>	<b>-</b>
<b>Weighted Average Exercise Price</b>					<b>\$0.160</b>	<b>\$0.000</b>	<b>\$0.122</b>	<b>-</b>	<b>\$0.174</b>	<b>\$0.174</b>	<b>-</b>

In Canadian Dollars

The following is a summary of changes in options from January 1, 2020, to December 31, 2021, and the outstanding and exercisable options at December 31, 2021:

Grant Date	Expiry Date	Exercise Price	Remaining (Years)	Opening Balance	Granted	Expired / Exercised	Expired / Forfeited	Closing Balance	Vested and Exercisable	Unvested	
16-Jan-2017	16-Jan-2022	\$0.12	0.05	9,750,000	-	(500,000)	-	9,250,000	9,250,000	-	
7-May-2017	7-May-2022	\$0.12	-	500,000	-	(500,000)	-	-	-	-	
12-Mar-2018	12-Mar-2023	\$0.145	1.19	12,800,000	-	-	-	12,800,000	12,800,000	-	
5-Oct-2018	5-Oct-2023	\$0.14	1.76	750,000	-	-	-	750,000	750,000	-	
16-Jan-2020	16-Jan-2025	\$0.20	3.05	14,040,000	-	-	-	14,040,000	14,040,000	-	
<b>Totals</b>				<b>1.62</b>	<b>37,840,000</b>	<b>-</b>	<b>(1,000,000)</b>	<b>-</b>	<b>36,840,000</b>	<b>36,840,000</b>	<b>-</b>
<b>Weighted Average Exercise Price</b>					<b>\$0.159</b>	<b>\$0.000</b>	<b>\$0.120</b>	<b>-</b>	<b>\$0.160</b>	<b>\$0.160</b>	<b>-</b>

In Canadian Dollars

<sup>i</sup> On July 5, 2019, the Group announced an extension of the expiry date from January 16, 2020, to January 16, 2022. All other conditions of the options remain the same.

<sup>ii</sup> On July 5, 2019, the Group announced an extension of the expiry date from May 7, 2020, to May 7, 2022. All other conditions of the options remain the same.

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## 19. CAPITAL AND RESERVES (continued)

### c) Share-based compensation (continued)

#### *Restricted share units ("RSUs")*

In October 2022, the Group granted under its Long-Term Incentive Plan ("LTIP") RSUs through issuing and allotting 2,399,176 new common shares in the Company at a price of CAD 26 cents per share.

The cost of \$451,964 in relation to the RSU granted has been recognised in the Consolidated Statement of Comprehensive Income for the year ended December 31, 2022.

### d) Nature and purpose of equity and reserves

The reserves recorded in equity on the Group's statement of financial position include 'Reserves,' 'Currency translation reserve,' 'Retained earnings' and 'Deficit.'

'Option reserve' is used to recognize the value of stock option grants prior to exercise or forfeiture.

'Currency translation reserve' is used to recognize the exchange differences arising on translation of the assets and liabilities of foreign branches and subsidiaries with functional currencies other than US dollars.

'Deficit' is used to record the Group's accumulated deficit.

'Retained earnings' is used to record the Group's accumulated earnings.

## 20. EARNINGS PER SHARE

Diluted net earnings per share was calculated based on the following:

	December 31, 2022	December 31, 2021
<b>Basic weighted average number of shares outstanding</b>	<b>641,958,083</b>	<b>625,373,103</b>
Stock options	8,359,009	-
<b>Diluted weighted average number of shares outstanding</b>	<b>650,317,092</b>	<b>625,373,103</b>
<b>Total common shares outstanding</b>	<b>644,696,185</b>	<b>632,358,009</b>
<b>Total potential diluted common shares</b>	<b>671,597,185</b>	<b>669,198,009</b>

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## 21. RELATED PARTY DISCLOSURES

A number of key management personnel, or their related parties, hold or held positions in other entities that result in them having control or significant influence over the financial or operating policies of the entities outlined below.

### a) Trading transactions

The Africa Finance Corporation (“AFC”) is deemed to be a related party given the size of its shareholding in the Company. There have been no other transactions with the AFC other than the Gold Stream liability as disclosed in Note 11, and the secured loan as disclosed in Note 12.

### b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year ended December 31, 2022, and 2021 were as follows:

		Year Ended December 31,	
		2022	2021
Salaries			
Current directors and officers	(i) (ii)	\$ 1,638,597	\$ 306,036
Former directors and officers		71,557	-
Directors' fees			
Current directors and officers	(i) (ii)	404,097	211,947
Share-based payments			
Current directors and officers	(iii)	296,502	-
		\$ 2,410,753	\$ 517,983

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2022, and 2021.

(ii) The Group paid consulting and director fees to both individuals and private companies controlled by directors and officers of the Group for services. Accounts payable and accrued liabilities at December 31, 2022, include \$102,092 (December 31, 2021 - \$346,275) due to directors or private companies controlled by an officer and director of the Group. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

(iii) RSU granted on October 11, 2022. Refer to note 19.c for further information.

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## 22. FINANCIAL INSTRUMENTS

The Group's financial instruments consist of cash, restricted cash, amounts receivable, accounts payable, accrued liabilities, gold stream liability, loans and other borrowings and lease liabilities.

### Fair value of financial assets and liabilities

Fair values have been determined for measurement and/or disclosure purposes. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amount for cash, restricted cash, accounts receivable, and accounts payable, accrued liabilities, loans and borrowings and lease liabilities on the statement of financial position approximate their fair value because of the limited term of these instruments.

### Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments

- Interest rate risk
- Credit risk
- Liquidity and funding risk
- Market risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in these notes.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

### Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

December 31, 2022	Measured at amortised cost	Measured at fair value through profit and loss	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 6,688,037	-	6,688,037
Amounts receivable	220,442	-	220,442
<b>Total assets</b>	<b>\$ 6,908,479</b>	<b>-</b>	<b>6,908,479</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 54,121,704	2,215,585	56,337,289
Loans and borrowings	28,142,654	-	28,142,654
Gold stream liability	-	25,039,765	25,039,765
Lease liabilities	15,409,285	-	15,409,285
<b>Total liabilities</b>	<b>\$ 97,673,643</b>	<b>27,255,350</b>	<b>124,928,993</b>

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### 22. FINANCIAL INSTRUMENTS (continued)

December 31, 2021	Measured at amortised cost	Measured at fair value through profit and loss	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,276,270	-	1,276,270
Restricted cash	3,495,992	-	3,495,992
Amounts receivable	237,651	-	237,651
<b>Total assets</b>	<b>\$ 5,009,913</b>	<b>-</b>	<b>5,009,913</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 38,024,962	7,106,979	45,131,941
Loans and borrowings	53,738,603	-	53,738,603
Gold stream liability	-	30,262,279	30,262,279
Lease liabilities	18,274,374	-	18,274,374
<b>Total liabilities</b>	<b>\$ 110,037,939</b>	<b>37,369,258</b>	<b>147,407,197</b>

#### **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows will be impacted by changes in market interest rates as the Group's secured loans from the AFC incurs Interest at SOFR plus 9% (Refer to Note 12). The Group's management monitors the interest rate fluctuations on a continuous basis and assesses the impact of interest rate fluctuations on the Group's cash position and acts to ensure that sufficient cash reserves are maintained in order to meet interest payment obligations.

The following table discusses the Group's sensitivity to a 5% increase or decrease in interest rates:

	Interest rate Appreciation By 5%	Interest rate Depreciation By 5%
<b>December 31, 2022</b>		
<b>Comprehensive income (loss)</b>		
Financial assets and liabilities	\$ (2,086,408)	\$ 2,086,408
<b>December 31, 2021</b>		
<b>Comprehensive income (loss)</b>		
Financial assets and liabilities	\$ (2,162,336)	\$ 2,162,336

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## 22. FINANCIAL INSTRUMENTS (continued)

### ***Credit risk***

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations.

The Group manages the credit risk associated with cash by investing these funds with highly rated financial institutions, and by monitoring its concentration of cash held in any one institution. As such, the Group deems the credit risk on its cash to be low. At 31 December 2022, 93% of the Group's cash balances were invested in AA rated financial institutions (2021: 93%), 2% in AA- rated financial institutions (2021: 1%), 1% in A+ rated financial institutions (2021: 1%) and 4% in B rated institutions (2021: 5%).

The Group sells its gold to large international organisations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at December 31, 2022 is considered to be negligible.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at December 31, 2022, and December 31, 2021, were as follows:

	December 31, 2022		December 31, 2021
Cash	\$ 6,688,037	\$	1,276,270
Restricted cash	-		3,495,992
Amounts receivable	220,442		237,651
<b>Total</b>	<b>\$ 6,908,479</b>	<b>\$</b>	<b>5,009,913</b>

### ***Liquidity and funding risk***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Group's holdings of cash. The Group's cash is held in business accounts and are available on demand.

In the normal course of business, the Group enters into contracts and performs business activities that give rise to commitments for future minimum payments.

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### 22. FINANCIAL INSTRUMENTS (continued)

#### *Liquidity and funding risk (continued)*

The following table summarizes the Group's significant remaining contractual maturities for financial liabilities at December 31, 2022, and December 31, 2021.

#### Contractual maturity analysis as at December 31, 2022

	Less than 3 months \$	3 – 12 Months \$	1 – 5 Year \$	Longer than 5 years \$	Total \$
Accounts payable and accrued liabilities	55,368,069	1,001,983	-	-	56,370,052
Lease liabilities	1,255,581	3,766,744	12,681,521	-	17,703,846
Gold Stream Liability	2,986,708	8,475,973	23,420,334	-	34,883,015
Loans and borrowings	1,642,151	4,810,033	33,337,237	-	39,789,421
	<b>61,252,509</b>	<b>18,054,733</b>	<b>69,439,092</b>	-	<b>148,746,334</b>

#### Contractual maturity analysis as at December 31, 2021

	Less than 3 months \$	3 – 12 Months \$	1 – 5 Year \$	Longer than 5 years \$	Total \$
Accounts payable and accrued liabilities	38,699,814	4,862,676	1,952,408	-	45,514,898
Lease liabilities	1,213,678	3,641,035	16,991,498	-	21,846,211
Gold Stream Liability	2,237,631	10,614,896	33,955,921	-	46,808,448
Loans and borrowings	1,984,714	26,031,054	32,400,920	-	60,416,688
	<b>44,135,837</b>	<b>45,149,661</b>	<b>85,300,747</b>	-	<b>174,586,245</b>

#### **Market risk**

The Group is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Group manages its operations in order to minimize exposure to these risks, the Group has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

#### **a) Foreign currency risk**

The Group seeks to manage its exposure to this risk by holding its cash balances in the same denomination as that of the majority of expenditure to be incurred. The Group also seeks to ensure that the majority of expenditure and cash of individual subsidiaries within the Group are denominated in the same currency as the functional currency of that subsidiary.

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### 22. FINANCIAL INSTRUMENTS (continued)

#### Market risk (continued)

The Group's loan facilities, certain exploration expenditures, certain acquisition costs and operating expenses are denominated in United States Dollars, Nigerian Naira, UK Pounds Sterling and West African Franc. The Group's exposure to foreign currency risk arises primarily on fluctuations between the United States Dollar and the Canadian Dollar, Nigerian Naira, UK Pounds Sterling and West African Franc. The Group has not entered into any derivative instruments to manage foreign exchange fluctuations. The Group does enter into foreign exchange agreements during the ordinary course of operations in order to ensure that it has sufficient funds in order to meet payment obligations in individual currencies. These agreements are entered into at agreed rates and are not subject to exchange rate fluctuations between agreement and settlement dates.

The following table shows a currency of net monetary assets and liabilities by functional currency of the underlying companies for the year ended December 31, 2022:

	Functional currency				Total
	US dollar	Pound Sterling	Nigerian Naira	West African Franc	
Currency of net monetary asset/(liability)	December 31, 2022 USD\$				
Canadian dollar	42,963	-	-	-	42,963
US dollar	(107,637,605)	-	-	-	(107,637,605)
Pound Sterling	(1,961,945)	(411,079)	-	-	(2,373,024)
Nigerian Naira	(2,362,830)	-	8,132	-	(2,354,698)
West African Franc	-	-	-	85,029	85,029
Euro	(170,595)	-	-	-	(170,595)
Australian dollar	(217,333)	-	-	-	(217,333)
<b>Total</b>	<b>(112,307,345)</b>	<b>(411,079)</b>	<b>8,132</b>	<b>85,029</b>	<b>(112,625,263)</b>

The following table shows the currency of net monetary assets and liabilities by functional currency of the underlying companies for the year ended December 31, 2021:

	Functional currency					Total
	Canadian dollar	US dollar	Pound Sterling	Nigerian Naira	West African Franc	
Currency of net monetary asset/(liability)	December 31, 2021 USD\$					
Canadian dollar	(484,067)	-	-	-	-	(484,067)
US dollar	(190,391)	-	-	(132,585,040)	-	(132,775,431)
Pound Sterling	(361,244)	-	-	(80,926)	-	(442,170)
Nigerian Naira	-	-	-	(3,910,833)	-	(3,910,833)
West African Franc	-	-	-	-	11,481	11,481
Australian dollar	(36,626)	-	-	(19,377)	-	(56,003)
<b>Total</b>	<b>(1,072,328)</b>	<b>-</b>	<b>-</b>	<b>(136,596,176)</b>	<b>11,481</b>	<b>(137,657,023)</b>

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## 22. FINANCIAL INSTRUMENTS (continued)

### *Market risk (continued)*

The following table discusses the Group's sensitivity to a 5% increase or decrease in the United States Dollar against the Nigerian Naira:

	United States Dollar Appreciation By 5%	United States Dollar Depreciation By 5%
<b>December 31, 2022</b>		
<b>Comprehensive income (loss)</b>		
Financial assets and liabilities	\$ 112,516	\$ (112,516)
<b>December 31, 2021</b>		
<b>Comprehensive income (loss)</b>		
Financial assets and liabilities	\$ 194,000	\$ (194,000)

## 23. CAPITAL MANAGEMENT

The Group manages, as capital, the components of shareholders' equity. The Group's objectives, when managing capital, are to safeguard its ability to continue as a going concern in order to develop and its mineral interests through the use of capital received via the issue of common shares and via debt instruments where the Board determines that the risk is acceptable and, in the shareholders' best interest to do so.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Group may attempt to issue common shares, borrow, acquire or dispose of assets or adjust the amount of cash.

## 24. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

### *Contractual Commitments*

The Group has no contractual obligations that are not disclosed on the Consolidated Statement of Financial Position.

### *Contingent liabilities*

The Group is involved in various legal proceedings arising in the ordinary course of business. Management has assessed these contingencies and determined that, in accordance with International Financial Reporting Standards, all cases are considered remote. As a result, no provision has been made in the financial statements for any potential liabilities that may arise from these legal proceedings.

Although the Group believes that it has valid defenses in these matters, the outcome of these proceedings is uncertain, and there can be no assurance that the Group will prevail in these matters. The Group will continue to assess the likelihood of any loss, the range of potential outcomes, and whether or not a provision is necessary in the future, as new information becomes available.

Based on the information available, the Group does not believe that the outcome of these legal proceedings will have a material adverse effect on the financial position or results of operations of the Group. However, there can be no assurance that future developments will not materially affect the Group's financial position or results of operations.

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## 25. SEGMENTED DISCLOSURES

### Segment Information

The Group's operations comprise three reportable segments, the Segilola Mine Project, Exploration Projects, and Corporate. These three reporting segments have been identified based on operational focuses of the Group following the decision to develop the Segilola Mine Project. The following table provides the Group's results by operating segment in the way information is provided to and used by the Group's chief operating decision maker, which is the CEO, to make decisions about the allocation of resources to the segments and assess their performance.

December 31, 2022	Segilola Mine Project	Exploration Projects	Corporate	Total
Current assets	\$ 36,334,005	\$ 120,752	\$ 831,907	\$ 37,286,664
<b>Non-current assets</b>				
Deferred income tax assets	-	77,797	-	77,797
Prepaid expenses, advances and deposits	74,667	-	208,158	282,825
Right-of-use assets	16,232,353	-	617,049	16,849,402
Property, plant and equipment	149,050,728	339,785	123,404	149,513,917
Intangible assets	150,747	19,080,461	-	17,954,291
<b>Total assets</b>	<b>\$ 201,842,500</b>	<b>\$ 19,628,795</b>	<b>\$ 1,780,518</b>	<b>\$ 223,251,813</b>
<b>Non-current asset additions</b>	<b>\$ 10,527,299</b>	<b>\$ 2,612,033</b>	<b>\$ 1,337,066</b>	<b>\$ 14,476,398</b>
<b>Liabilities</b>	<b>\$ (133,370,335)</b>	<b>\$ (1,381,629)</b>	<b>\$ (1,718,410)</b>	<b>\$ (136,470,374)</b>
<b>Profit (loss) for the period</b>	<b>\$ 27,939,847</b>	<b>\$ (273,511)</b>	<b>\$ (2,267,395)</b>	<b>\$ 25,398,941</b>
- revenue	165,174,531	-	-	165,174,531
- consulting fees	(510,656)	(164,563)	(587,724)	(1,262,943)
- salaries and benefits	(1,468,610)	-	(2,793,302)	(4,261,912)
- depreciation owned assets	(26,907,422)	(8,672)	(12,062)	(26,928,156)
- impairments	-	(12,013)	-	(12,013)
- interest expense	(14,616,810)	-	-	(14,616,810)

Non-current assets by geographical location:

December 31, 2022	Senegal	Burkina Faso	British Virgin Islands	Nigeria	United Kingdom	Canada	Total
Prepaid expenses, advances and deposits	-	-	7,024	74,667	201,134	-	282,825
Right-of-use assets	-	-	-	16,232,354	617,048	-	16,849,402.00
Property, plant and equipment	176,645	-	-	149,635,179	101,491	5,461	149,918,776
Intangible assets	10,704,623	-	-	8,526,585	-	-	17,954,291
Total non-current assets	10,881,268	-	7,024	174,468,785	919,673	5,461	186,282,211

The Group's total revenue of \$165,174,531 (2021: \$6,049,485) is fully generated in Nigeria and comprise of \$165,060,320 gold sales (2021: 6,049,485) and \$114,211 silver sales (2021: \$nil). All sales are done to the Group's only customer.

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### 25. SEGMENTED DISCLOSURES (continued)

December 31, 2021	Segilola Mine Project	Exploration Projects	Corporate	Total
Current assets	\$ 23,245,206	\$ 76,104	\$ 422,026	\$ 23,743,336
<b>Non-current assets</b>				
Deferred income tax assets	-	86,795	-	86,795
Prepaid expenses, advances and deposits	87,223	-	18,460	105,683
Right-of-use assets	20,843,612	-	-	20,843,612
Property, plant and equipment	151,655,614	455,339	3,964	152,114,917
Intangible assets	224,808	15,120,611	-	15,345,419
<b>Total assets</b>	<b>\$ 196,056,463</b>	<b>\$ 15,738,849</b>	<b>\$ 444,450</b>	<b>\$ 212,238,762</b>
<b>Non-current asset additions</b>	<b>\$ 71,990,597</b>	<b>\$ 3,999,195</b>	<b>\$ 3,661</b>	<b>\$ 75,993,453</b>
<b>Liabilities</b>	<b>\$ (151,299,202)</b>	<b>\$ (43,436)</b>	<b>\$ (1,302,735)</b>	<b>\$ (152,645,373)</b>
<b>Profit (loss) for the year</b>	<b>\$ 1,975,712</b>	<b>\$ (261,559)</b>	<b>\$ (3,783,348)</b>	<b>\$ (2,069,195)</b>
- revenue	6,049,485	-	-	6,049,485
- consulting fees	(8,096)	(148,781)	(194,086)	(350,963)
- salaries and benefits	(256,228)	-	(1,029,378)	(1,285,606)
- depreciation owned assets	(59,611)	(4,249)	(1,158)	(65,018)
- impairments	-	(99,059)	-	(99,059)
- interest expense	(64,877)	-	-	(64,877)

Non-current assets by geographical location:

December 31, 2021	Senegal	Burkina Faso	British Virgin Islands	Nigeria	Canada	Total
Prepaid expenses, advances and deposits	-	-	12,623	74,686	18,374	105,683
Right-of-use assets	-	-	-	20,843,612	-	20,843,612
Property, plant and equipment	201,264	-	-	151,198,170	4,018	151,403,452
Intangible assets	14,529,771	-	-	815,648	-	15,345,419
<b>Total non-current assets</b>	<b>14,731,035</b>	<b>-</b>	<b>12,623</b>	<b>172,932,116</b>	<b>22,392</b>	<b>187,698,166</b>

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## 26. PRIOR YEAR RESTATEMENT

During the preparation of the current financial statements, the Group identified invoices for contracted services provided during 2021, amounting to \$4,740,261, in relation to the construction of the Segilola Gold Mine that had not been accounted for in the prior period financial statements.

Therefore, in accordance with "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors", the Consolidated Statement of Financial Position for the year ended December 31, 2021 has been adjusted by recording an increase of \$4,740,261 in the "Property, Plant and Equipment" account and an equal increase in the "Accounts Payable and Accrued Liabilities" account.

There are no impacts on the Consolidated Statements of Comprehensive Income nor Cash Flows, as well as on years ended prior to December 31, 2021.

The presentation currency of the Group has also been changed to United States Dollars (US\$) to align with the functional currency of the parent entity and SROL and applied this change retrospectively resulting in the restatement of prior periods.

## 27. SUBSEQUENT EVENTS

### Amendment and rescheduling of senior debt facility

On 31 January 2023, the Group entered into an agreement with the AFC amending the terms of its senior debt facility.

The amended facility removes the project finance cash sweep requirement and allows for free distributions from SROL (subject to a 20% distribution sweep to the senior debt facility), as well as releasing the Group from restrictions regarding acquisitions, distribution of dividends and certain indebtedness covenants.

In addition, the amortization schedule of the facility has been re-scheduled per the below. No material accounting implications are expected as a result of this amendment.

Repayment date	Repayment instalment (%)	Repayment amount (\$)	\$	%
Cancelled		1,346,167		
	2.5%	1,316,346		
Paid	25.0%	13,163,458	25,566,930	46%
	17.5%	9,214,421		
	1.0%	526,538		
31-Mar-23	1.0%	526,538		
30-Jun-23	1.0%	526,538		
30-Sep-23	1.5%	789,808		
31-Dec-23	7.5%	3,949,038	28,433,070	54%
31-Mar-24	14.0%	7,371,537		
30-Jun-24	14.0%	7,371,537		
30-Sep-24	7.5%	3,949,038		
31-Dec-24	7.5%	3,949,038		
	100.0%	54,000,000		

### EPC Contract

As of the date of these Financial Statements, the Company has made all outstanding due payments in relation to the EPC contract. At December 31, 2022, this amounted to US\$10,196,105.